

**CASE STUDY:  
City of Phoenix, Arizona**

**USE AND THE EFFECTS OF USING  
PERFORMANCE MEASURES FOR  
BUDGETING, MANAGEMENT,  
AND REPORTING**

**January 2004**

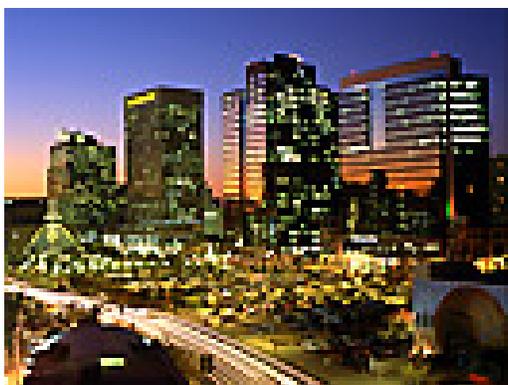
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## **GASB SEA RESEARCH CASE STUDY: CITY OF PHOENIX, ARIZONA**

By Diane Artrip, Deputy City Auditor

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## EXECUTIVE SUMMARY

Performance measurements are nothing new to the city of Phoenix. The city began its shift to using outcome-oriented measures in the early 1990s. It was a slow-moving process that took more than five years to implement in every department. In fact, as many interviewees told us, the process is never finished. There continue to be new efforts to improve measurements.

Phoenix took a very different approach from that of many other governments. There was no ordinance or law drafted to force the use of measures, no official office created to develop and monitor measures, and no specific timeline set for implementation. When talking about the performance measurement focus in the city, one interviewee said, “I would not call it a system . . . intent was to focus folks away from activities, and focus on why we do things, not what we do.” Instead, the city strived to make outcome measurements a part of their culture. One of the city’s “Visions & Values” that staff live by is even built around this notion. It simply states, “*We focus on results.*”

The city of Phoenix credits its success in measurements to citizen input. Management found that the key to a measurement’s being useful is that it needs to measure what is important to the citizens. Departments saw citizen input as important, so they focused on measuring satisfaction and improving services. They also saw the importance of communicating the outcome of the measures back to citizens. Strides have been made in this area, but the city continues to develop new ways to communicate with citizens.

This case study gives many examples of how performance measures have improved services and how they have been successfully implemented. It also discusses lessons learned over the years that others can learn from. As a pioneer in the public sector in the area of performance measures, the city is always willing to share its trials as well as successes.



## **PEOPLE INTERVIEWED AND THEIR ORGANIZATIONS**

Interviews were held with sixteen people, including a citizen representative.

<b>Interviewee/Official</b>	<b>Title</b>	<b>Organization</b>
Ross Blakely	Deputy Street Transportation Director	Streets Department
David Brewster	Executive Assistant Chief of Police	Police Department
Frank Fairbanks	City Manager	City Manager's Office
Joe Franklin	Deputy Public Works Director	Public Works Department
Mark Hughes	Public Information Officer	Public Information Office
David Immon	Chamber of Commerce Member	Phoenix Chamber of Commerce
Chuck Kime	Assistant Fire Chief	Fire Department
Juan Martin	Public Works Director	Public Works Department
Jerome Miller	Deputy Neighborhood Services Director	Neighborhood Services Department
Rick Naimark	Executive Assistant to Council	Council Offices
Ceil Pettle	Budget Director	Budget & Research Department
Jim Scorza	Court Executive Officer	Phoenix Municipal Court
Andrea Tevlin	Deputy City Manager	City Manager's Office
MaryAnn Ustick	Neighborhood Services Director	Neighborhood Services Department
Bob Wingenroth	City Auditor	City Auditor Department
John Workley	City Controller	Finance Department

## **OVERVIEW AND BACKGROUND**

Phoenix has one of the fastest-growing populations in the United States. It grew from being the ninety-ninth largest city in the United States in 1950 to the sixth most populous city according to the 2000 census. With such rapid growth, management has the task of keeping up with this pace. They need tools to help keep their finger on the pulse of this ever-changing organization.

It was evident from the many interviews that the city of Phoenix has found results information to be a valuable and powerful tool. "We focus on results" was a phrase that was heard often. In fact it is one of the city's "Visions & Values" statements that help guide employees in their work. As a result, a strong "managing for results" system exists in the city.

The belief and commitment in results information has taken time to grow and mature. Management stressed that they avoided the use of legislative or administrative regulation to encourage citywide use. Instead, departments were given the chance to "test drive" results

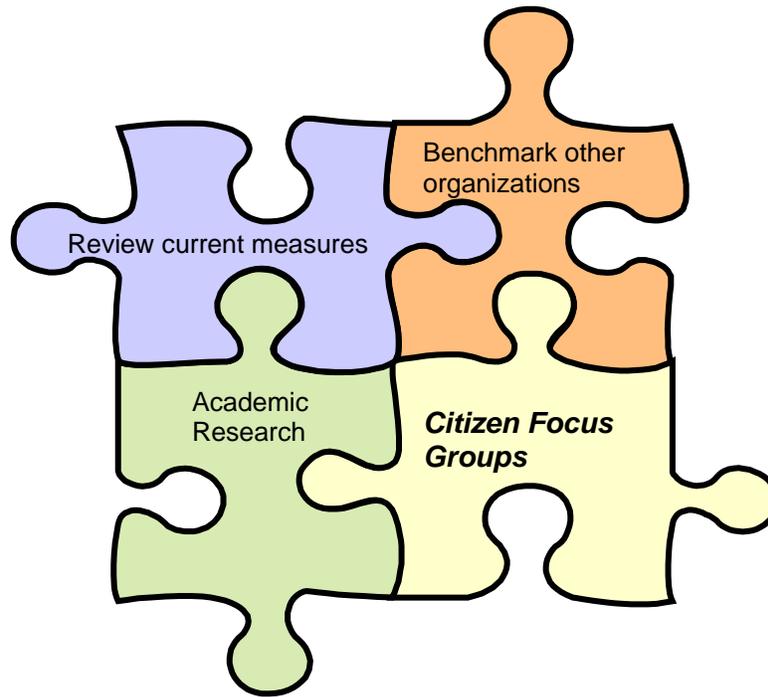
information and make a choice for themselves. As one interviewee put it, “We found that just as a carpenter naturally uses a ruler, professional managers and leaders naturally use this information to help them make decisions.”

Performance indicators in Phoenix have evolved substantially over the years. During the 1970s, the city focused considerable attention on work standards, resources applied and outputs. In the 1980s, the city emphasized productivity and began to measure customer satisfaction as an organization. In fact, many interviewed indicated that citizen satisfaction is their most important results measure.

The first steps toward performance measuring came in 1990. The City Auditor Department began to work with other city departments to develop results indicators using research done by the Governmental Accounting Standards Board under the topic of “service efforts and accomplishments” (SEA). The objective of this approach was to measure “results of operations” for governmental entities. Indicators were developed to reflect inputs, outputs, efficiency, and outcomes. The SEA approach was used in a few city departments. A typical project consisted of the following steps:

- The City Auditor’s staff met with operating department managers to review existing indicators.
- Other cities were contacted to see what types of indicators they used to evaluate service performance.
- Academic research was conducted to gain additional information and potential indicators.
- The summary of indicators was then presented to department management for review. The department undergoing the review selected the indicators it felt were most relevant. The ability to capture the data was an important factor in deciding which indicators would be tracked.

Although some departments found the indicators useful, buy-in or ownership was lacking. Managers were asking, “Why are we doing this?” There was a need to be clearer about the purpose for performance measurements, so they changed the approach. In 1991, they began using citizen focus groups to clarify their direction in developing results indicators. A focus group setting was used to brainstorm ideas and allow for a free-flowing discussion. Citizen input affected the indicators that were selected by the departments. The focus groups helped clarify some of the discrepancies between what managers thought citizens wanted in terms of service delivery and citizens’ actual expectations. Through this process, the City Auditor Department was able to demonstrate to departments that the development of more results-oriented indicators was contributing to citizen satisfaction. This was very important to departments.



Another step they took was a change in terminology to simplify the “input-output-efficiency-outcome” labels that were originally used. Staff and the general public were spending too much time trying to figure out what category an indicator fell under (that is, output, outcome, efficiency). It was determined that from the citizens’ perspective, results usually fell into one of these four categories:

- Satisfaction
- Cost
- Cycle time
- Mission

The refined process, including citizen focus groups and simplified labels, was used in all twenty-five city departments over the next five years. Departments used this new information internally; they also used results information to evaluate management and front-line employees.

As confidence, support, and buy-in took hold, efforts moved to changing citywide measurement systems. Besides using performance measures within a department, there are three citywide areas where performance measures are used in the city:

- The *Budget Report* includes a description and service level trends for each department. Departments submit updated data each year to the Budget and Research Department.
- Each department reports indicators in the monthly *City Manager’s Executive Report*.
- Executive and middle managers are compensated on a “pay-for-performance” basis through the City’s *Performance Achievement Program*. A plan is developed by each department for its management team that includes performance measures and goals for those measurements. The plans are approved by the City Manager’s Office and are evaluated once a year.

To stay on track, every two years, the City Auditor Department surveys all city departments to gauge their continued focus on results. This survey provides the City Manager with a

comprehensive inventory of the organization’s use of results data. Conducting the survey also communicates the City Manager’s interest and commitment to departments in a subtle, yet effective way. The table below shows the increase in outcome-based measures that has been achieved over the years:

<u>% OUTCOME MEASURES</u>	<u>'94-'95</u>	<u>'96-'97</u>	<u>'98-'99</u>
Summary Budget	18%	26%	28%
City Manager’s Executive Report	18%	64%	63%
Performance Achievement Plan	38%	37%	49%
Overall average	25%	42%	46%

## **FINDINGS**

### **PEOPLE AND THEIR ROLES**

*Who has been involved in initiating, developing, and using performance measurement, and how have they been involved?*

Under the direction of the City Manager, departments began their endeavor to increase the use of performance measurements back in the early to mid-1990s. To assist departments with this effort, the City Auditor Department performed performance measurement research in every department (identifying current indicators used, benchmarking other organizations, and most importantly, talking with customers/citizens).

Although the City Auditor Department eventually worked with every department to develop measures, this was a very slow process, taking more than five years to get to every department. Many department managers and staff did not wait. They started developing and using performance measures before the City Auditor Department showed up. They took it upon themselves to get training and perform research. Many departments also became involved with the ICMA Comparative Performance Measurement project, working with other cities to develop standard measures to be used by cities throughout the country. They have been reporting data on these measurements for years and continue to give feedback on the usefulness of the measures. These efforts helped the city earn the ICMA (International City/County Management Association) Center for Performance Measurement Certificate of Distinction.

After all departments became familiar with using outcome performance measures, the City Auditor Department worked with the departments to update the city’s primary performance measurement report, the City Manager’s Executive Report (*phoenix.gov/MGRREPT*). The report was changed to include the new, more outcome-oriented performance measurements that were now being used. It is important to note that although the City Auditor Department coordinated this effort, the measures reflected in the report were chosen by each department, along with its Deputy City Manager. As a result of the update, the report went from being 18 percent outcome-based in 1994 to over 60 percent in 1998.

Based on the success of this change, the City Manager encouraged executive and middle managers to make the same sort of overhaul to their “Performance Achievement Plans”

(discussed in detail under “Accountability and Communication,” later in this report). In his annual memo about the plans for the new year, he encouraged managers to “reduce the number of subjective measures and increase the use of objective measures.” As a result of this push, plans became almost 50 percent outcomes, up from 37 percent in prior years.

Input from citizens is highly valued at the city of Phoenix. In 1997, the city began an effort to involve the larger community in developing a list of key performance measures for evaluating the city’s performance as a whole. Until this time, the majority of indicators focused on the efforts or outcomes of only a single department. The goal of this new initiative was to develop indicators from the needs of the citizens, without reference to who does the work. Under the coordination of the City Auditor Department, citizens were able to attend one of several focus groups held around the city to give their input as to what was important to them about Phoenix. At a second set of citizen meetings, electronic voting technology was used to prioritize the numerous topics selected at the first meetings. Over 450 citizens participated. The performance measurements developed from this process are now shown at the beginning of every City Manager’s Executive Report ([phoenix.gov/MGRREPT](http://phoenix.gov/MGRREPT)). They are referred to as “Organizational Indicators.”

Citizens also provide feedback directly to departments. For example, the Police Department will gather a group of citizens and tell them, “You’re our customer, we’re the service provider, we spend lots of money. Where should we be focusing our effort? What’s important to you?” They keep it very simple. From these conversations, the department can determine what they should be focusing on and, thus, what they should be measuring. Many city departments use this approach to get citizen input.

In order to continue to keep a finger on the pulse of the performance measurements throughout the organization, departments are surveyed every few years by the City Auditor Department. The departments are asked to identify all performance measurements that they use. The auditor analyzes each indicator to determine whether it should be classified as output or outcome. (See the table under “Overview and Background” for the changes recorded through the years.)

## USES AND EFFECTS OF PERFORMANCE MEASUREMENT

This section of the case study addresses the following two questions:

*What intended and expected uses and effects of performance measurement were articulated?*

*What actual uses and effects of performance measurement were identified?*

### Introduction to Use of Performance Measures

Two aspects of the use of performance measures came out in the interviews: What the use and effects are intended to be and what they are not intended to be.

*What they should be:*

- Performance measures are intended to be a helpful tool to management and employees. One manager felt that with performance measures, “[We] now have the ability to balance the service [we] provide, the quality of that service and the dollar value it would cost to raise that quality if the user requests additional service.”

- They should improve customer service. One person stated, “I think building credibility, especially with your customer base, is important, from a city-wide perspective both internally and externally.” Performance measures have been used to do this.
- There should be more focus on the end result of an action. In Phoenix, programs have not necessarily been eliminated because of performance measures, but they are improving programs and thus improving the life of the community. Change was gradual which led to a broader change in the organization. Vision and mission of the organization have led to more focus on results.

*What they are NOT:*

- It is not a paper process. It was stated that “[employees] do it not because they have to. Like a carpenter using a ruler, it’s not because they have to, but because it works. It is part of a foundation, and it will be used long after we are moving on. . . . It’s a tool.”
- They are not to be used to punish people. That is true for process improvement in general. As one manager put it, “It is acceptable to make a change that doesn’t work, . . . we’ll just change it back.” Emphasis is placed on crafting solutions. Employees are encouraged to look at finding solutions. Performance measures are an important tool in doing this.

Uses of Performance Measurement for Resource Allocation and Policy Decisions

*Intent and Expectations*

When asked what they thought the intended use or expectation of performance measures would be, the overall theme of department responses was to “improve customer service.” The goal was to move away from just *looking at* the activities that are performed to *asking why* activities are performed. This idea is an extension of the “Total Quality” efforts that the city used in the 1980s. Employees were being encouraged to be creative in coming up with improvements. As one manager put it, the ultimate goal is “to reduce some of the burdens, take away some of the barriers, to provide a good service.”

An underlying theme that also came out in the interviews was “competition.” It was anticipated that performance measurements would get government employees to be thinking and acting more like private-sector employees. The goal for one manager was “to try to be as competitive as we can, still maintain a high level of customer service, and not inhibit us from being able to provide the services that sometimes only a government can provide.” Another manager put it more bluntly by saying, “If folks in government don’t worry about privatization, they’re doomed. . . . we’ve got to be competitive, we’ve got to use our resources wisely and be responsive to our customers.” He did not see it as a matter of choice and he hoped that performance measures would help departments get to where they need to be.

It is not surprising to hear about the concept of competition based on the city of Phoenix’s reputation for letting departments compete with the private sector to provide a variety of different city services. The goal of competition is to provide the best customer service at the most effective cost. All levels of management interviewed felt that performance measurements would show employees where their efforts could be improved. Using this information, it was anticipated that they could be more creative in improving services. Instead of just focusing on a particular area of a process—say, cost—they would now turn their efforts to all areas that make up a process, such as cycle time, customer satisfactions, and so forth. This would allow them to

better compete with the private sector by pointing out where they need to improve, whether it be using resources more wisely or being more responsive to the customer.

It was also mentioned that performance measures would help ensure that tax dollars were being spent wisely. It would serve as a tool for policy makers and department managers for allocations decisions. It would help point out where they could get the “most bang for the buck.”

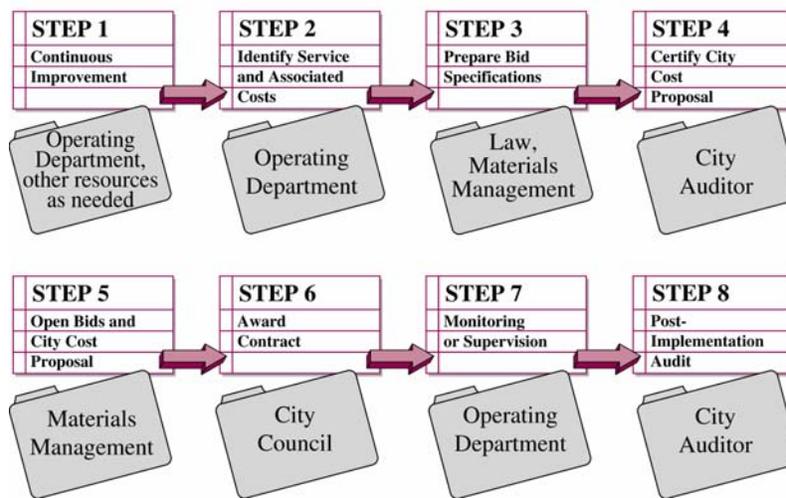
### Actual Uses

It was said that performance measurements have been used to drive change in the organization. When a measure indicates that a process is too slow, for example, management or employees will start to investigate the situation. Often teams are formed to investigate the issues and make recommendations. This was the case with the city’s hiring practices. The city was having a hard time competing against the private sector when it came to hiring employees. By the time the city went through its normal processes, interested prospects had already taken positions with other companies. Hiring from a list that took two to three weeks to develop was not working anymore. Government red tape mixed with a low unemployment rate made filling positions almost impossible, especially in the technical positions. To address the situation, the Personnel Department created the Personnel Action and Change (PAC) Team. Their mission was to enhance and expedite hiring efforts by simplifying and automating the employment process; facilitate organizational change and flexibility to retain quality employees; and improve personnel business practices. Their first order of business was to look at how things were being done, including reviewing performance measures such as cycle times, volume of transactions, and customer satisfaction. This identified where their efforts should be focused. Now that improvements are implemented, performance measures are used to monitor the success of the changes or to let them know where further efforts should be made. It is a never-ending process of improvement.

Another area that was mentioned as an important use of performance measures was in the public-private contracting process. As mentioned earlier, it is not surprising that Phoenix brought up the subject of privatization. City departments and private contractors have been competing for over thirty years. The purpose of the public bidding process is to determine who can best provide services to customers. The city of Phoenix implemented the process in 1979, and it has been used in over a dozen service delivery areas from street sweeping and landscape maintenance to billing services and ambulance service. The area that has benefited most from this process over the years is refuse collection.

In general, the public-private competitive process is similar to a traditional competitive proposal situation, except that a proposal from city operating departments and a post-implementation audit process have been included. The steps and responsibilities during this

#### PUBLIC/PRIVATE COMPETITIVE PROCESS OVERVIEW



process are presented in summary form below. The end result? In some cases, the city department ends up winning the bid; in other cases, the contract is awarded to a private-sector business.

Public–private competition has many benefits. It positively influences public expectations about government, reduces costs, and promotes efficiency. But the benefits are measured on more than just the cost of the winning bid. Performance indicators play an important role. No matter who wins the bid, the City Auditor Department audits the contracts to ensure adequate performance. This evaluation looks at costs and performance measures. The solid waste refuse collection program was cited as a good example of this process. The Public Works Department has set up several standards that must be met. Again, these standards are expected to be met whether it is a private-sector firm or city employees who perform the work. The performance standards include quarterly customer satisfaction surveys, missing fewer than a specified number of collections, responding to customer complaints, and cleaning up spills within a specified period of time. Penalties have been assigned for not meeting each standard. The measures make it clear what is expected of whoever performs the work.

Another way Phoenix has used performance measures to allocate resources is in the budget process. The Neighborhood Services Department gave the example of when they feel they need more inspectors. When the department approaches Budget and Research to request more inspectors, they don't just take cost information. Response time and cycle time information is presented to show the need for the added resources.

### *Effects of Use*

The PAC Team mentioned previously was very successful in changing the long-time “red tape” hiring process involving many policies and procedures. Customer service was improved by allowing a single application to be used for multiple positions, eliminating testing for many positions, and moving toward resume-based recruitments, much like the private sector. Applications were automated so that people could apply on-line, and an e-mail list was created so that people could receive updated job listings on a weekly basis. (More than 46,000 have signed up for this service.) Performance measurement outcomes improved dramatically. Time to open a job recruitment decreased by 38 percent (from eight business days to five), resume-based recruiting improved the cycle time for processing an application by 46 percent (a decrease of eighteen days). The number of applications received also increased by over 40 percent. Streamlining of processes resulted in decreasing the number of times an application is touched by staff from four or five times to one or two times. Moving from hard-copy distribution of employment opportunities to electronic methods saved over \$60,000 per year. Electronic distribution, as well as the implementation of self-serve bins, has reduced the traffic to the front counter by over 70 percent, allowing those employees to complete their other tasks in a more timely manner.

When it comes to the public–private competitive process at the city of Phoenix, one of the biggest tangible benefits is cost reduction. Since beginning the process in 1979, by mid-2000 it is estimated that the city had saved or avoided more than \$36 million of costs, as follows:

COMPETITIVE PROPOSAL PROCESS  
Actual Cost Savings/Avoidance  
Life-to-Date June 30, 2000

Aviation:	<b>Airport Landscaping</b>	\$ 1,000
	<b>Nursery / Plant Maintenance</b>	14,400
Fire:	<b>Emergency Transportation</b>	2,898,000
	<b>Billing &amp; Collection Services</b>	560,600
Housing:	<b>Low Income Housing Maintenance</b>	23,000
	<b>Senior Housing Management</b>	116,000
Neighborhood Services:	<b>Lot Maintenance</b>	13,600
Parks & Rec:	<b>Median Maintenance</b>	470,000
	<b>Landscape Maintenance</b>	93,900
Public Works:	<b>Refuse Collection</b>	22,623,900
	<b>Landfill Operation</b>	7,711,000
	<b>Solid Waste Transfer Hauling</b>	697,000
Streets:	<b>Street Sweeping</b>	36,000
	<b>Street Repair</b>	109,000
	<b>Landscape Maintenance</b>	653,800
Water Services	<b>Water Meter Repair</b>	176,000
	<b>Wastewater Instrument Calibration</b>	161,500
	<b>Painting Manholes with Insecticide</b>	379,300

Performance measures have also provided added benefits. Setting performance standards directly in contracts, such as Public Works did with refuse collection, helps clarify what is expected from a contractor. Since some refuse districts are contracted out and others worked by city employees, there is a basis for comparison or benchmarking. When it is time to rebid contracts, Phoenix not only knows how much the bidder will charge, but has an indication of how well the bidder will perform the work.

### Strategic Planning, Performance Monitoring, and Performance Improvement

#### *Intent and Expectations*

There were many expectations of performance measures for strategic planning and performance improvement, and they sometimes varied based on the level of the respondent. From a council perspective, it was said that performance measurements were seen as the way to get citizens to approve a new program. They felt that citizens must first see how well current programs and needs were being met. If current programs are successful, citizens are more willing to increase funding or have new programs created.

From the City Manager's perspective, he wanted performance measurements to help departments focus more on the bottom line. He felt that the inclination was for departments to "battle the heat"—for example, be responsive if mayor or council wanted a program or react to a

single citizen complaint. The goal was for performance measurement to help departments look at the broader picture. It would give them another piece of information for making good decisions.

Another perspective was to gain more information on what the public felt and wanted. It was anticipated that performance measures would help refine services to meet customers' wants and needs. As one interviewee put it, "The city exists to serve needs of residents, and identifying needs of clients is critical."

Improving programs was a goal that was mentioned over and over. The city wanted to move from measuring quantity to measuring quality. As one respondent put it, "We're still interested in getting a lot of work done, but we also want to get an acceptable level of quality work."

And finally, it was mentioned that performance measures would help use dollars wisely. With a limited pool of resources, performance measures could be used to help point out where improvements could be made so that dollars are spent more efficiently.

### *Actual Uses*

Actual uses of performance measures for strategic planning occur on a continuous basis. The city of Phoenix does not have a formal annual strategic planning process whereby everyone performs the same analysis and fills out the same forms that are then reviewed by upper management with the end result being a huge document. Instead, each department uses the best method of planning for them. No specific guidelines apply to the structure or content of the plans; departments are encouraged to use a process that best fits their culture and environment. In all cases, department plans are developed through input from all levels of stakeholders. The City Manager's Office, specifically the Deputy City Managers, coordinate departmental planning and ensure consistency with the citywide direction. This coordination is conducted as part of weekly meetings that each Deputy City Manager has with his or her department heads. City Council subcommittees and boards, such as the Parks Board and Aviation Board, also provide guidance and control into the department planning process.

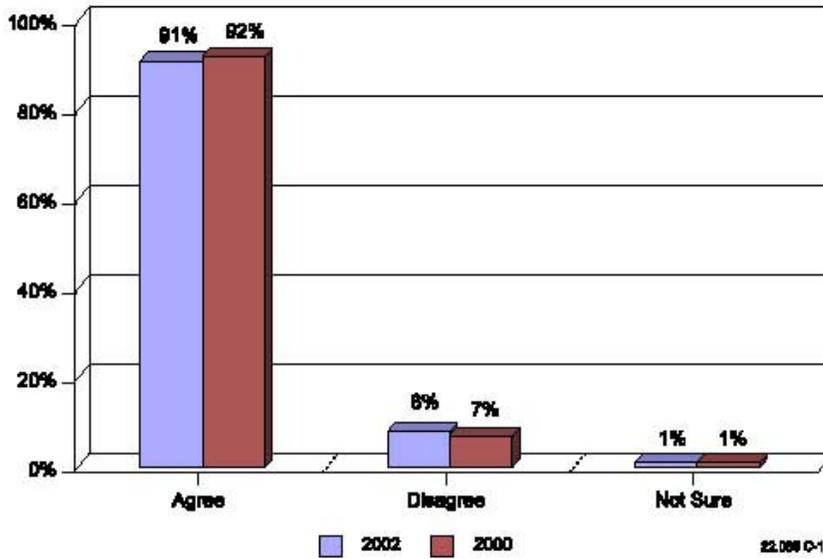
To develop strategic plans, departments have used performance measures and in particular customer surveys extensively to determine what issues and problems should be addressed. This feedback also is used to measure whether goals are met. Surveys are performed at a variety of different levels:

- ◆ **Community Attitude Survey**—The overall objective of the Community Attitude Survey is to measure citizen attitudes regarding city services and issues for policy development, program improvement, and resource allocation. It provides a vehicle for public participation by getting citizens' opinions on several issues and determining their satisfaction level with current services, and can serve as a method of providing public awareness of programs citizens may not have known existed.

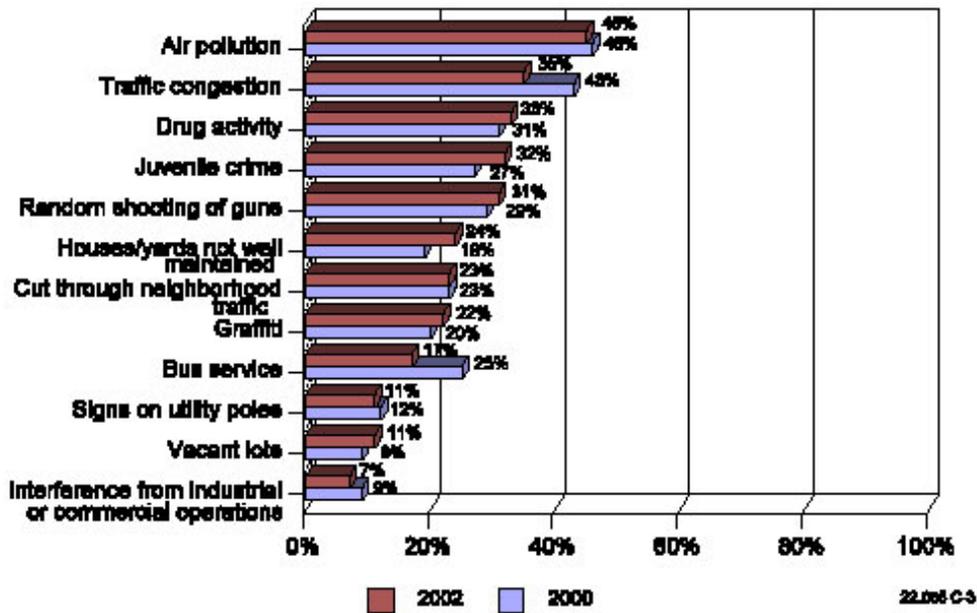
This survey is conducted every two years by an outside consultant. In-depth telephone interviews are conducted with over 700 citizens, both in English and in Spanish.

Many areas are measured in the survey. Some of the categories of questions include quality of life, problems to solve, overall satisfaction, satisfaction with selected services, city spending, contact with city personnel, growth rate, and Phoenix economy. Below are two examples of the data collected. Complete results of the latest survey can be found at the City's Internet site ([phoenix.gov/CITYGOV/attsurv.html](http://phoenix.gov/CITYGOV/attsurv.html)).

### Phoenix Is A Good Place To Live



### Evaluation of Neighborhood Problems (% "Major" Problems)



- ◆ Department-administered surveys—All city departments conduct satisfaction surveys. For instance, the Police Department commissions an independent survey of residents' attitudes every two years. The survey asks for feedback on police services as well as proposed improvements. The information is communicated to their advisory boards and incorporated into the department's Policing Plan. Patrol Operations also conducts ongoing surveys in which citizens who have been arrested or ticketed or have other interactions with police are asked to determine if they were treated fairly, courteously, and professionally. The Fire and Aviation departments were also cited as conducting extensive citizens surveys.
- ◆ "How Are We Doing?" cards—All public counters (approximately 700) have a supply of these survey cards. The cards have been tailored for each location with specific questions regarding the service just received and blank lines for any comments a citizen might want to add. A box is provided for them to put the completed form in or they can just drop it into a mailbox (postage prepaid). The Public Information Office compiles the results and notifies the departments, which use the information to identify strengths and weaknesses in service delivery.

Customer satisfaction is only one factor used in strategic planning. Every department has numerous performance measures that are used in decision making. Managers indicated that they review performance data on a weekly, monthly, and quarterly basis to find out where changes need to occur. They look for spikes in data, but interviewees noted that it is important to look at data over time. A single spike may not warrant change.

A department that has truly embraced the use of performance measures for strategic planning and performance monitoring is the Neighborhood Services Department (NSD). This department enforces Neighborhood Protection Ordinances, which were created to protect neighborhoods from hazardous and deteriorating conditions. NSD staff collect several performance indicators related to code enforcement efforts. These measures are compiled on a monthly basis and may also be queried from the code enforcement database, as needed, to review program and staff performance. The indicators include case cycle and response times, broken down by enforcement status, caseload, originating source of complaint, and geographic breakdown of cases. NSD managers use information on individual caseload and cycle times in assigning staff areas and creating performance standards. As the conditions of properties vary across the city, staff assignments for inspecting those properties should also vary. Managers use the caseload of inspectors and cycle times to better create equity in staff assignments. These indicators are also used to create uniform benchmarks for individual performance reviews of staff.

In addition, NSD staff conduct a yearly evaluation of their Neighborhood Preservation Ordinance and Code Enforcement Policy. NSD uses the data collected on a monthly basis, in combination with resident feedback, to produce an evaluation report. The report is presented to the Mayor and City Council with recommendations for program changes. This process has led to increases in staffing levels to ensure that performance standards are maintained or achieved while program areas are expanded or new areas are added.

### *Effects of Use*

The use of performance measurements has brought with it a cultural change. As stated earlier, employees are encouraged to find solutions to improve service. Performance measures allow them to have a better focus on where to devote their time to making improvements. They can also have an effect on how employees treat their customers. Knowing that services are being

measured by customers has gotten employees thinking about providing good customer service. This was particularly pointed out by the Police Department. When officers know that citizens are going to be asked to rate their services, they think more about how they are treating their customer. As one person put it, "After getting feedback from citizens, officers realized that they can write somebody a traffic ticket, or not, and they won't be hated." Officers can still get a good customer service rating, even when they give out tickets or arrest someone. They have received comments from citizens such as, "Hey, I didn't like getting arrested, but the officers treated me right, treated me with respect."

Another beneficial effect of using performance measures was illustrated by the City's Seamless Service initiative. This major effort over the previous several years came out of the Community Attitude Survey. Citizens reported that services were good overall; however, they often felt lost and shuffled around in such a large organization. Based on this data, the City Manager put together a Seamless Service Task Force. The task force was charged with developing a simple method for city employees to respond efficiently and effectively to customers' telephone requests, study best seamless service practices in other organizations, and recommend ways of implementing them in the city of Phoenix. The overall goal of the Seamless Service effort is "to work together to provide seamless service to the community." As a result of the initiative, many improvement efforts were made, including:

- Thousands of office employees have attended telephone-training classes to improve their answering, transferring, and conference-calling skills. They have made a commitment to solving a caller's problem, whether it means tracking down the information themselves or ensuring that the caller gets through to the right person. This will have a major impact, since over 72,000 calls are received throughout the city each day.
- Field employees in Public Works, Parks, Street Transportation, Development Services, Police, Fire, and Water have developed new ways to improve customer service and put those ideas into practice.
- A videotape that focuses on serving customers has been used as a training tool to illustrate the many ways employees can help the residents they meet.
- A "Seamless Service Directory" was developed. It is a printed alphabetical listing of city services and phone numbers. Field employees carry the directories so they can answer questions and give copies to citizens. An on-line version of the Seamless Service Directory enables office staff to find the right service and phone number quickly.

By using data obtained from a performance measure (in this case, a survey), the city was able to analyze and improve a problem.

Cycle time is another area that has been improved by the use of performance measures to monitor and adjust processes. The process of enforcing neighborhood ordinances was an example given. As mentioned, Neighborhood Protection Ordinances were implemented to protect neighborhoods from hazardous and deteriorating conditions. NSD puts together an annual performance evaluation that is presented to the Mayor and City Council. Case disposition cycle time and complaint response times are two of the performance measures that are included in this analysis. In the beginning years of the analysis, baseline data showed that case disposition took an average of 135 working days and a response to a complaint averaged 20 working days. This was not deemed as being acceptable by either management or the council. To improve these measures, process improvement efforts were implemented such as moving more support personnel to field duties, eliminating outdated procedures, and creating a new case management

system. The department also built relationships with other departments and agencies to help them with complex processes. With these efforts, the department was able to reduce cycle time to fifty-nine days for case disposition and ten days for complaint response.

Another benefit of using performance measures in planning has been teamwork. This incorporates the city's vision of "We all work on the same team." Measures that are a result of multi-department efforts have created useful partnerships. Police, Fire, Parks and Recreation, and the Neighborhood Services departments work together to obtain results about services and programs. They provide each other with necessary data, resources, and so forth. The Graffiti Busters Program was an example given where departments work together with a shared database of information and measures to meet a common goal of removing graffiti within twenty-four hours of notification and supporting a zero-tolerance approach to graffiti in neighborhoods.

## Accountability and Communication

### *Intent and Expectations*

Accountability and communication are two important themes in the city of Phoenix. It was anticipated that the increased use of performance measurements would bring about more accountability of management and staff. Communication would also increase, whether it be between departments or with citizens.

Those interviewed saw the city as being accountable to many different people. Departments are accountable to other departments, the City Manager's Office, council, citizens and citizen groups, federal and state granting and regulatory agencies, and so forth. Performance measures would give a tangible way to communicate how the city is performing to all of these parties.

Many of those interviewed saw performance measurements as a guide for all levels of the organization. It is anticipated that well-developed measures give management and staff clearer expectations of what they are accountable for. It was said over and over that "if it is being measured, then it must be important." It then follows that staff will work on improving what is important.

It was mentioned earlier that the city of Phoenix had been collecting data and developing measures for years. However, performance measures are different. It was anticipated that performance measurements would move them away from counting widgets to actually measuring results or outcomes. These measures would move them from asking, "Are we doing a lot of work?" to asking, "Are we doing good work?" This in turn makes people more accountable for their work.

Several interviewees said that it is often difficult to communicate performance to their customers. Performance measures will provide a method for gathering the data; however, presenting the data in a meaningful format for customers and in a way they can understand is a challenge.

### *Actual Uses*

#### *Accountability*

Accountability for performance starts at the top of the organization. The best example given is the city's "Performance Achievement Plan." Middle managers and executives are held accountable for their performance through this "pay-for-performance" system. The goals of the program are

- To give a framework for planning for the manager and his or her work unit
- To provide opportunities for feedback on performance
- To assist in awarding pay-for-performance merit increases.

Performance plans do more than focus on what a manager needs to do to improve a department or division. It also focuses attention on the organizational changes that may be necessary to improve results. For example, every middle manager and executive has the following “citywide responsibility ratings”: (1) progress in meeting equal opportunity goals, (2) implementation of diverse task force recommendations, (3) percentage variance of expenditures to budget, and (4) increased interdepartmental cooperation and collaboration.

The Performance Achievement Plan uses a measurable 1,400-point system to report on a manager’s work for the fiscal year. It involves a four step process:

- Step 1: Plan Development (June–July and ongoing). The plan is developed and approved in a cooperative consultation with the manager's supervisor.
- Step 2: Implementation (continuous, with a January review). Managers implement and follow through on their plan throughout the year. A midyear review is conducted to assess progress and make any needed plan adjustments.
- Step 3: Evaluation (ongoing, with July–August finalization). The performance data that have been collected throughout the year are gathered and input to the first 1,000 points of the evaluation form. The final 400 points are evaluated by the manager's supervisor (rating day-to-day effectiveness of the manager's job) and executive team member (rating the effectiveness of his or her dealings with other departments, the City Manager's Office, and the Mayor and City Council).
- Step 4: Salary Setting (September–October). Keeping in mind the percentage available for merit increases, the executive team and City Manager assign salary increases to middle managers and executives based on their performance scores.

Historically, many of the goals established in the Performance Achievement Plans tended to be output measures or measures that were based on the subjective opinion of supervisors. For example, many departments measured the number of citizens served or transactions processed. Although these measures can be valuable, they did not get at how well the service was being provided or tell management if anything about the process needed to be improved. The hope was to increase the use of performance measurements in the performance plans, thereby making managers more accountable for their work. To further increase the use of performance measures, the City Manager stressed to departments that their performance achievement plans needed to be more outcome-oriented. Beginning in 1998, he set a goal for managers that their overall performance plans consist of 60 percent outcome measures. Prior to this time, plans contained an averaged of 37 percent results-oriented measures. To help departments with this task, the City Auditor Department made numerous presentations at department meetings and developed a booklet that described what made a good outcome measure. It talked about having measures that could be measured objectively by data, rather than the opinion of a supervisor. It acknowledged that there is a risk in including outcome measures because there are few meaningful outcomes that a single manager has total control over, but encouraged departments to take this risk and work together with other departments to meet goals. And finally, it gave some examples of measures. Subsequent to this effort to increase performance measures in performance plans, the

percentage of outcome measures increased from 37 percent in 1996–1997 to 49 percent in 1998–1999. This did not meet the City Manager’s goal, but departments continue to move in that direction. In fact as of 2002–2003, plans were 57 percent outcome-oriented. The end result was more accountability in the plans.

### *Communication*

The Performance Achievement Plan builds communication into its processes. It guarantees participation by each manager in defining work responsibilities so there is no question what is expected of them. The managers work with their supervisor to determine what measures should be, and set targets or goals that are to be met. In turn, managers share their performance goals with their staff whose work will have a direct effect on whether measures are met. This communication gives front line workers a better sense of their roles by better defining their work.

The Performance Achievement system also fosters teamwork through communication between departments. Operating departments are responsible for goals that require assistance from internal-service departments. In turn, internal-service departments are measured by the quality of service they provide to operating departments.

Performance Achievement gives accountability and communication within the organization, but it is only an internal process. To reach out to citizens, other means of communicating performance measurements were developed. First of all, the Public Information Office encourages any and all publications to contain some sort of performance measure information. This includes department annual reports, department newsletters, the weekly CityPage published in the *Arizona Republic* newspaper, monthly newsletter insert in water bills, press releases, brochures, and various other literature. performance measures are shared with the public at any opportunity. The city of Phoenix Annual Budget book, which is available to the public via the Internet, is another source of indicators. There are a handful of indicators shown for every department ([phoenix.gov/BUDGET/budget03.html](http://phoenix.gov/BUDGET/budget03.html)). This gives the citizen an idea of what the department is all about, the volume of activities, and how they are performing. Additionally, the results of the Community Attitude Survey (previously discussed) are posted to the intranet site for all to view ([ci.phoenix.az.us/CITYGOV/attsurv.html](http://ci.phoenix.az.us/CITYGOV/attsurv.html)).

The most comprehensive tool for communicating performance measures to the public is the monthly City Manager’s Executive Report. It contains measurements for every city department, along with each department’s mission statement, a list of key services, and a place for comments and highlights for the month. It even contains the name, phone number, and e-mail address of each department head, in case the reader has any questions. The performance measures are presented in graphs (bar, line, and pie charts). Most graphs give current- and prior-year information. In some cases, comparisons with other cities are shown. The report begins with a set of citywide Organizational Indicators. These indicators were developed with input from citizen focus groups. They cover the following topics that citizens said were important to them: public safety, neighborhoods, transportation, citizen participation, economic development, youth and recreation, environment, and government services.

Ideally, the City Manager’s Executive Report would be distributed to every citizen. However, with over 200 indicators being updated monthly, it is not cost-effective to distribute large volumes of the reports each month. Thus it was decided that the Internet would be the best medium for distribution. The City Manager Executive Report is available on the Internet at [phoenix.gov/MGRREPT](http://phoenix.gov/MGRREPT). But just putting it online was not enough. In order to let citizens know about the report, a summary booklet was prepared and made available at public service counters.

The booklet has been titled “Performance Counts.” The Organizational Indicators found at the front of the City Manager’s Executive Report were put into the booklet. When it is flipped over, the reader will find the same information in Spanish. A letter from the City Manager at the beginning of the booklet lets the reader know the purpose of the booklet and where to go to find more performance information on-line. For those citizens who do not own a computer, the city’s libraries have Internet service available for public use.

### *Effects of Use*

The value of increasing overall communication within and around the organization was mentioned by several people. Internally, communication of performance measures in Performance Achievement Plans and the City Manager’s Executive Report has strengthened the relationships between departments. As one manager put it, “It has caused us to talk a lot more amongst ourselves and management, as well as with our people that work for us, about what we’re trying to do. Before you had performance measures, you’d go out and you’d do what you thought was right but didn’t necessarily do a lot of talking about it.” Now staff knows what outcomes are being tracked and thus have a clearer understanding of what they are being held accountable for. One manager mentioned that he thought performance measures and the communication they brought between supervisor and employee “had become a positive tool in helping employees build up productivity and look for ways to enhance their personal and professional life.”

Another manager mentioned the value of using performance measures to communicate with the City Council. The Council is interested in keeping the public happy, but sometimes what a citizen wants may not be in the overall best interest of the program. Performance measures have been used to illustrate this to the Council.

From the Police Department’s perspective, the increased communication with citizens has helped them gain the public’s confidence. It “closes the communication loop.” Citizens are asked for their input, which is used to change programs and processes. Communicating the end results through performance measures shows the public the effects of their input and validates that their input was important. It was felt that the city’s ability to gain citizens’ overwhelming approval of tax increases to pay for more police officers was at least in part due to these interactions.

The same thing was said about the city’s ability to finally gain a dedicated tax for public transit. For years, public transit in the city of Phoenix was in need of expansion, but competing with other needs of the general fund—such as police and fire—made it impossible. The problem was compounded by a large growth in population year after year. Several efforts had been made to gain funding, but all had failed. In 2000, a dedicated tax was finally passed. The success of the vote was attributed to the intense effort to gain the public’s input and to the communication given back to the public. Part of this communication was done through newsletters in water bills which contained performance measures showing comparisons to other cities and results of citizens surveys that showed what kind of transportation people wanted.

An unanticipated effect of communicating the City Manager’s Executive Report on the Internet was connecting with so many other cities and jurisdictions. Although others sometimes call the city to see how they had gone about developing the report, the city also finds out what other jurisdictions are doing. Everyone gains through the interaction.

## PERFORMANCE MEASUREMENT IMPLEMENTATION ISSUES

*How is the quality of performance information perceived, and how have performance measurement quality issues been addressed?*

### Perceptions of the Performance Information

Many of those interviewed felt that *usefulness* to both the city and citizens was an important measure of quality for performance measurements. Many mentioned that they do not want to measure just for the sake of measuring. In order for a measure to be useful, the following characteristics were given:

- ◆ A measure must be easily understood. Whether a measure is understandable or not depends on who the audience is. Some interviewees felt that citizens would not understand the measurements being used or would interpret them differently.
- ◆ People must be able to trust the data. There needs to be some assurance that the data are correct. In the past, few people gave an opinion on whether they felt the data were reliable. It wasn't that there was any feeling that data were unreliable, but they just did not know. Historically, performance measures were audited here and there, but there was not an all-out effort to validate measures until 2001 (see further discussion in next section).
- ◆ A baseline or benchmark is necessary for determining whether a particular performance is good or bad.
- ◆ Benchmark and goals must be attainable.
- ◆ What is measured needs to be flexible. What is valuable and helpful to measure today may not be applicable to measure next year.

Managers and executives felt that Phoenix has come a long way in achieving these objectives but it has taken a lot of dedication, work, and patience. It was by no means an overnight transformation. Most felt that departments now have a good set of measures that include indicators possessing these factors. However, it was noted that there continue to be areas that could be improved upon as program goals change and public interest or focus changes.

### Efforts to Address Information Quality Issues

As stated in the discussion under the previous question, it was felt that an important measure of quality is the usefulness of the measures. It was stressed by many that in order to make sure indicators are useful to departments and citizens, there needs to be involvement of all parties. When the City Auditor Department assisted departments in developing their measures, input was gathered from all levels of employees as well as citizens wherever possible. This was done by one-on-one interviews and focus groups. Finding out what is important to citizens about the services provided was the basis for developing measurements and getting buy-in from department management on their usefulness.

Another point that someone mentioned as being important was that his department continues to review the indicators to see if changes need to be made. What was a valuable indicator today may not be as important tomorrow. Citizens' interests change with time. Departments are given the opportunity each year to change measurements in both the Performance Achievement Plans

and the City Manager's Executive Report. Some departments change their indicators often, whereas others remain virtually the same.

In order to make sure measures are useful to departments, the City Auditor stressed the importance of having departments select their own measurements. The City Auditor Department assists in developing potential measures, but the final decision is up to the department and its Deputy City Manager. It was felt that individual departments are the best qualified to select what measures would be most useful to them.

To address the accuracy of the data, the City Auditor Department devoted over 300 hours in 2001 to validate all of the performance measurements in the City Manager's Executive Report. Since this is a monthly report, the emphasis of the audit was not to certify all of the data shown in any particular month of the report; the focus was on determining that departments have a reasonable data-collection system to ensure that data in reports from month to month are correct. Auditors interviewed personnel to determine how data were gathered, traced a sample of data to supporting documentation, and reviewed the graphical presentation of the data to determine that it is understandable. Departments were very willing to make changes where needed. Overall, it was found that the graphs were fairly presenting the information. In some cases footnotes were added to graphs to explain limitations of data, such as the need to estimate some figures. In other cases, more accurate data-collection systems were recommended. In a few instances where corrections could not be made to the satisfaction of the department and auditor, the graph was removed from the report until changes could be made. Subsequent to this initial validation project, the City Auditor Department has committed to validating 20 to 25 percent of the indicators in the report each year.

In addition to this work, validity of data is questioned by department and executive management when they review the report. One department indicated that two or three times a year the City Manager's Office or City Council questions what they may have seen in the report. This is especially true if there is a jump in data showing an unusual trend.

Benchmarking was seen as important. To set goals for performance measures, many departments have performed benchmarking with other organizations. The Budget and Research Department has established a City Council-approved list of comparative cities. These cities are similar in size, structure, or programs. When a department wants to benchmark an area, it will generally start by calling this list of cities to find out how they are performing in these particular areas. If there is a private-sector business that is more comparable to the service, then it may be contacted. Only a few of the measurements in the City Manager's Executive Report are compared to other cities. Water Services has compared its rates to others' for many years. Some departments, on the other hand, may be comparing themselves for internal use but have not taken the step to put these data in a citywide report. The City Manager would like to see more benchmarking done without the fear that "we may not be the best."

Setting reasonable and obtainable goals is another area that Phoenix has tried to address. As one person put it, "I can measure how long it would take me to get to the top of Mount Everest, but it ain't doable!" As mentioned previously, Performance Achievement Plan goals are reviewed and adjusted as needed every year. Targets are established at the beginning of the year through discussions between managers and their supervisors. These goals are then measured against actual performance data to determine a manager's salary rating at year-end. One manager mentioned that in a couple of cases in his department, performance standards were consistently being met. To him this meant that the standards were too low or they were one of the few exceptions in the world who could consistently outperform. They felt that the standard was indeed too low, so it was raised.

Goals with contractors are also reviewed and adjusted. In the case of Public Works' contract with solid-waste disposal contractors, no benchmarks could be found for the indicators that the contractor was required to meet. Because of this, it was agreed that the goals would be reviewed in six months and adjustments would be made where needed. The department did not want the goals to be too low or too high. They did not want to set the vendor up to fail. It was important to establish something that was reasonable for both parties.

The importance of using baseline data was also mentioned. Baseline data was defined as data that represents an initial measurement of performance for a service delivery area. Baseline data is often collected to measure the incremental change or improvement over time of specific outcomes or measures. For example, Phoenix established a baseline when tracking crime rates over time. Another example was in the Neighborhood Protection Ordinance complaint and resolution process, where the department established an initial (baseline) measurement in 1994 and uses this for comparison purposes every year as a part of an annual evaluation process.

*What kinds of organizational supports are provided, and how have organizations been changing to accommodate performance measurement?*

Based on the interview discussions, there was strong organizational support from upper management at the city of Phoenix to develop and use performance measurements. Although there was support, there were no mandates established or detailed steps that were followed. Except for initiatives by the City Auditor Department to help departments develop their measures, it was left up to each department to create and implement measures, train staff and establish systems to obtain data. The philosophy at the city of Phoenix was not to create a "system," but as one person put it, "the intent was to focus employees away from activities and focus on why we do things, not what we do; to justify what we do based on measures." Getting to this mindset was stressed rather than worrying about what process to use to get there.

Organizational support as a whole was demonstrated in many different ways in the areas of organizational culture, training, technology, and staffing. Each area is discussed in the paragraphs below.

Organizational Culture

In the mid 1990s, the City Manager asked employees to help develop the organization's "Vision & Values." Hundreds of employees responded, with the end result being the development of eight "we" statements. One of these value statements directly incorporates the idea of performance measures. It simply states, "We focus on results." Another value says, "We learn, change and improve." These statements show every employee the importance of results in their work. These statements now appear on every business card, as well as in reports, speeches, conversations, videos, posters, and even refrigerator magnets to continually remind employees what is valued in this organization. The statements have become engrained in the organization's culture.



Every couple of years, the city highlights a value in a celebration for employees. Departments set up booths in the civic center that show how they have incorporated the vision into each department's culture. Many booths feature games that highlight the theme. The event

includes food, prizes, and a special video produced with a message from the City Manager. The value of “We Focus on Results” was the theme for the last event held.

## Training

Training has generally been done on a decentralized basis and varies by department. Some departments mentioned bringing in outside consultants; others trained a few employees that then trained others in the department. A few departments mentioned using Arizona State University’s Policy Institute as a valuable resource. Many mentioned the help of the City Auditor Department. The City Auditor Department gained its knowledge through research, benchmarking, and experience. They also received formal training in focus group facilitation, which was used extensively when working with other departments to develop their indicators.

Although the city of Phoenix has been using quality performance measurements for over a decade, they continue to strive to improve, as shown by a few examples below:

- The city has been an active participant every year in the ICMA (International City/County Management Association) Center for Performance Measures. Numerous staff members have attended the ICMA Best Practices conferences including representatives from the Personnel, Intergovernmental Programs, Parks and Recreation, Water Services, and Neighborhood Services departments. They have also been very active in the ICMA Comparative Performance Measures project. Participants in this project collect data annually and submit them to ICMA. Then ICMA issues a report that shows each city’s data compared to the other program participant data. This information is shared with all participating departments. The city of Phoenix has been awarded the ICMA Center for Performance Measurement Certificate of Distinction for its committed involvement to the Center’s activities as well as their efforts and accomplishments in the area of performance measurement.
- As mentioned numerous times, the City Manager’s Executive Report is the city’s primary performance measurement report. Each department has a liaison that is responsible for collecting the data from the appropriate department personnel and submitting the data to the City Clerk for input into the City Manager’s Executive Report. Liaisons are also responsible for reviewing the updated graphs in the report prior to its being released for publication on the Internet.

Before the report was posted on the Internet, training meetings were held with these liaisons. The meetings were used to go over the responsibilities and procedures for monthly reporting, explain how changes can be made to the department pages, stress the importance of accuracy and timeliness, and introduce new procedures for validating the data in the graphs. This training was done to stress the importance of this project with the participants and to help them understand their role.

- Informal training is done when the City Auditor Department conducts a performance measurement review project in a department. The difference between output and outcome measures is explained, and the importance of outcome measurements is stressed. Benchmarking is also done to show departments what similar organizations are measuring. This type of project has been performed in all city departments.
- A guide to performance measurements was developed to assist management in creating measures for their Performance Achievement Plans. (See the discussion on the pay-for-performance system for executive and middle managers discussed in more detail earlier in

this report.) The City Auditor Department also made presentations of this material at numerous department meetings.

### Technology

In addition to training, the organization has been cognizant of the need for technology. It was recognized that if the data are too difficult or time-consuming to collect, then performance measuring becomes a burden and loses its usefulness. Many departments mentioned that they considered their performance measurement needs when assessing new computer systems. Public Works, Streets, and Municipal Court have all gained new computer systems over the past several years and have noted that they had made efforts to make sure the system would collect the data that they need. Other departments are still working on getting systems that will meet their needs. Within the five-year period before 2004, the city has replaced both its financial and its budgeting systems. These new systems provide much more performance data and allow users to create and run the reports that they need.

### Staffing

Unlike some organizations, the city of Phoenix did not create a function whose primary responsibility was to implement performance measures. However, every department interviewed did mention that it uses the City Auditor Department as a resource. The coordination of the City Manager's Executive Report is a joint effort of the City Auditor and City Clerk departments.

A few departments mentioned that they have been able to increase staff to take on the extra responsibility of performance measures, but this varies by department and depends on the amount and complexity of data they must gather. Public Works, for example, has an employee whose job is performance standards, map analysis, and productivity.

### *What barriers have been identified to making effective use of performance measurement, and how are these barriers being addressed?*

A barrier mentioned by many interviewees was "fear." Employees often had a fear that performance measurement was a way to "get them." "Will I look bad? Will I be fired?" are some of the questions that went through people's minds. One manager mentioned that twenty years ago there was a focus on correcting people and that did not work. If people think the data will hurt them, there can be a tendency to change the data to show a better light.

Phoenix has made steps to overcome this fear, but many managers feel that there is still some work to be done. One manager stated that upper management support is critical in this area. Management must be willing to see the failures and accept them so that performance measures can be used to see what is going wrong and move toward fixing things.

The City Auditor Department has tried to take this fear into consideration when they perform the validation of performance measurements. The City Auditor stated that because the department is trying to get people to want to do performance measures and want to help reduce any pain they may have about it, they have not taken a hard core, storm trooper approach to auditing the data. They want to be helpful, not hurtful. The project is never referred to as an audit; there are no formal audit recommendations that get reported to the City Manager. The auditor's goal is simply to verify the validity of the measure and then work with departments to correct any incorrect information. So far this has worked, and the departments have made the

necessary changes to satisfy the auditor. Even with all of this effort, however, there still are some employees who have some hesitation about what the auditor is looking for.

A second barrier often mentioned was getting data. Although many computer systems have been updated and are now better about giving performance data, there still are a lot of managers who cannot get all the information they wish. In some cases the data-collection process is so cumbersome that it becomes not worth gathering in the eyes of those who have to do the work. One manager said that he cannot give up a driver position out in the field so that he can hire a clerical person to gather data. He needs them both. Departments update technology as the budget allows, but tough economic times can slow progress down.

Even when data are being gathered by someone, they are not always available for just the city of Phoenix. Because the city is part of a large metropolitan area, much of the data collecting by universities and other organizations is done for the entire area. Phoenix learned that in some cases they must use these data, even though they know they may not be able to have an effect on the entire population. This gives them a benchmark, and since Phoenix is the largest portion of the metropolitan area, the data give a good indication of what their population looks like.

A third barrier was referred to by one interviewee as “turf battles.” People do not want to publish measures that they cannot control. If a measure could be affected by more than one division or department, people may measure it for their own information but may be hesitant about putting it in the City Manager’s Executive Report or any other publication. This barrier was addressed with time. Only a few collaborative-type measures existed at first. As departments saw their use and saw that departments were not punished for what they could not control, more were added. Measures such as crime rate, new jobs created by business relations, average annual salary of new jobs, and air pollution data are just a few examples of these measures.

## EVOLUTION OF PERFORMANCE MEASUREMENT

### *What lessons have been learned from the performance measurement experience to date?*

Many of the lessons learned have already been mentioned in this report, but an overlying theme seemed to be: “Don’t develop performance measures in a vacuum.” Input from a variety of sources was mentioned again and again. This includes customers and employees.

Customers. Performance measurement did not become a way of life at the city of Phoenix until customer feedback began to be compiled on what was important to measure. Department management cares about satisfying the customers, and if performance measures can be used as a tool to accomplish this, managers will take the time to use them. Managers stressed that it is important for them to know that they are not just measuring for the sake of measuring; or tracking a certain measure just because the data are easy to get. All managers interviewed stressed the importance of getting to the source—the customer. As one person put it, “Ask customers what results they want to see and work backwards from that.”

This was not only stressed for external customers and citizens, but for internal customers as well. Internal service providers such as Finance and Budget and Research get feedback from their customers just as much as operating departments get feedback from the citizens.

Employees. Employees are seen as an important group of people to include in the development process. This includes front-line staff, supervisors, and all the way up the chain. It was often mentioned that they strive to get employee buy-in before implementing measures. Many times

employees were included in focus groups when the City Auditor Department was helping departments develop performance measures.

One of the reasons cited for getting the employees involved is to gain their buy-in to the whole process. Employees are the ones who will end up gathering, calculating, and maintaining the data needed for measures. Because of this, interviewees felt that it is vital that employees see the importance of the process. They must also feel that the process will not be used to “penalize” them.

Another lesson learned is the importance of “crossing departmental or division lines.” Departments must communicate with each other in determining what the proper measures would be for the organization as a whole, not just their little part of the world. Then they must work together to obtain the data. One department might have a data source that would be valuable to another department. They may need to work together to set up a system for collected data. And finally they must work together to resolve any problems reported by the data to improve services. One manager said that he felt that “focusing on results” has helped people realize how complex issues can be; it makes them think more holistically.

### *What are future expectations for the use of performance measurement?*

For the city of Phoenix, the development and use of performance measurements is a never-ending process. As one person put it, “We’re all trying to do things better and faster, using fewer dollars, and make sure that trend is going to continue and I don’t see a lessening at all.” Departments continue to work to improve their indicators and work to improve services. Areas of continued work include increasing the use of customer input. Although there is a lot of customer input now, it was felt that this is still an area that can be improved. Communication back to citizens also continues to be important. Efforts so far do not guarantee that everyone has access to the information. Much of the communication has been on the Internet and in newspapers, which not everyone has access to or uses. With the increasing Spanish-speaking population and disabled population, efforts need to focus on presenting the information in various formats and languages.

Although many computer systems have been replaced over the past several years, interviewees mentioned other systems that need to be developed or replaced to help gather more performance information. Continued improvement of systems such as GIS will greatly increase the ability to measure based on geographical localities such as neighborhoods, precincts, school districts, and so forth.

Benchmarking is another area that city management would like to see expanded. There are still those in departments who are nervous about comparing themselves to others. It is easy to do when Phoenix comes out on top, but in areas where improvement is needed, there is still some fear that they will look bad.

And finally, Phoenix is planning to review the GASB Special Report, *Reporting Performance Information: Suggested Criteria for Effective Communication*, to see how the City Manager’s Executive Report can be improved. The City Auditor stressed the importance of working with the GASB over the years. He stated that “for the past fifteen years, we have partnered with the research professionals of the GASB to create, develop and improve our performance measurement system in Phoenix. Our partnership works because we truly learn from one another; we support each other’s short-term goals, and focus on the same long-term goal of advancing the art of performance measurement. . . . We have learned that the GASB researchers embody many of the same values we aspire to following our own work.”

It was evident through the interviews that no matter what the future plans are, there would be future work done in the area of performance measurements. The city of Phoenix is always looking for new and better ways to prepare and communicate performance information.

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